OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E679, Docket DMEA-3290 (Mica), dated June 24, 1954, with

J. H. Young and C. C. Burleson
and their assignee
C. C. Burleson
Minneapolis, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Ruby Mine, Shaft Mine, and E. L. Briggs Property located in Yancey County, North Carolina, during the period September 7, 1960, through October 28, 1963.

In accordance with a Termination Agreement dated December 29, 1955, and Annex II of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated February 8, 1956, indicated accepted costs under the exploration contract amounting to $737.00 with the Government's contribution on a 75 percent basis being $552.75.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through September 6, 1960, to be $1,848.54. The royalty account as of September 6, 1960, was:

Total Royalty Payable	$92.43
Total Royalty Paid	92.43
Balance of Royalty Due	$ -0-

As of October 28, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$92.43
Total Royalty Paid	92.43
Balance of Royalty Due	$ -0-

November 6, 1963

E. D. Talbert, OME Auditor

Idn-E679 C. C. Burleson, Assignee DMRA-3290

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Termination Agreement provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land under the contract. The land consists of about five acres located one mile S. 58° E. of the Nine Fork School. At the time the contract was executed the Operator was in possession by virtue of a five-year lease granted on November 30, 1953, by E. L. and Eloise Briggs, Burnsville, North Carolina. In consideration of the contract, the landowners executed an Owner's Consent to Lien on July 6, 1954.

Exploration work under the contract was terminated effective August 1, 1954, under the Termination Agreement dated December 29, 1955. On October 25, 1954, J. H. Young assigned his interests in the lease to C. C. Burleson. This was followed by a November 4, 1954, assignment of the contract. The Government approved the assignment without releasing the Assignor from any of the provisions of the contract.

The Operator made one sale of 16.88 lbs. of sheet mica, with proceeds of $203.80, during the exploration work and thereafter abandoned the project. The property was idle until March 5, 1958, when Terry Mica Mines, Inc., a subsidiary of Consolidated Ventures, Inc., 1003 K Street, N. W., Washington, D. C., began operations. This lessee quit operations in June 1958 after selling 18.31 lbs. of sheet, 6,740 lbs. of hand-cobbed, and 1,430 lbs. of scrap for $1,644.74 in the aggregate. All of these sales are covered by a Report of Royalty Review dated September 7, 1960.

Inquiries by OME regional representatives established that the property was inactive from June 1958 to January 1, 1959. By March 1, 1961, July 30, 1962, and October 28, 1963, replies to MME Form 63 inquiries, E. L. Briggs advised that neither production nor change in property status has occurred since January 1, 1959. An examination of the G.S.A. Mica Purchase Depot's records during June 1962 by a representative of this Division disclosed no unreported sales.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that all sales of production since the date of the contract have been reported and proper royalty thereon paid;
(2) The property has been inactive since June 1958; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

NOV 27 1963

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Chief, Division of Field Operations, OME

Subject: IMRA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Idm-E679

Enclosed for your files is the original of a Report of Royalty Review, dated November 6, 1963, on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/gla (11-27-63)
cc to: Director's Reading File
CA&A Division
Docket
G.C.Selfridge
R. A. Laurence, USGS, Reg. IV, w/cy of Report of Royalty Review dtd 11/6/63 & Orig. cy of memo dtd 11/21/63 to Chief, Div. of Field Operations from CA&A Division.
Avery Reed, USBM, Reg. IV, w/cy of each item sent to Mr. Laurence

NOV 21 1963

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Idm-E679

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Management Operations, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OME record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 11-20-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

E679 6/27/54 DMEA-3290 C.C. Burleson

Yancey County, N.C. Ruby, Shaft Mica, and E.L. Briggs Property

Last reported depot sale 6/3/58 by Terry Mica Co.

Other known parties of possible interest:

J.H. Young original partner E.L. & Eloise Briggs

Arnold Thomas Terry Mica Mines, Inc. subsidiary of

Terry Mica Company Consolidated Ventures, Inc.

D.W. Burleson subsequent lessee

No subsequent sales noted in S.P. Depot.
CEF

Ab E L Briggs 3/1/61 A

OME Form 7
(10-56)

OFFICIAL FILE COPY

Date	Surname	Code
		800
		500
		120
		110
		100
		220

June 26, 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor

Subject: Check of Spruce Pine Mica Purchase Depot Records, June 18 - 22, 1962

During the period of June 18 to 22, 1962, I examined the purchase records of the U. S. A. Mica Purchase Depot at Spruce Pine, North Carolina, for the purpose of ascertaining any unreported production under DMEA exploration project contracts. My examination did not disclose any unreported production subject to royalty under the following contracts:

Contract No.	Docket No.	Operator	Mine Names
E- 97	1142	Pitt Mica Corporation	May, Reid, Reid-Mary, Reid Hooker
456	2152	A. W. Reid and W. H. Hooker	May, Reid, Reid-Mary, Reid Hooker
393	2293	Dixie Minerals, Inc.	W. H. Stephens (Stevens)
412	2277	Burke John Mica Miners	Burke John, N. L. Barnard
461	2582	Jab Angel	Carson
472	2595	Bourne Associates	Liberty, Conley, Turley
686	3375	Dixie Mines, Inc.	" " "
476	2327	Andrew W. Reid	May
516	2926	The Goodmica Mining Co.	Stable Cope
519	2784	H. J. Twiggs & W. T. Glenn	Sam Huskins, Little Sam Huskins
547	2846	Duncan Mining Co.	Cash Ely
560	3028	Murphy Mining Co.	Red, Bennett
562	2973	Empire Mica Co.	Short- Mitchell
601	3150	C. C. Burleson, et al.	Jones-Bozeman
613	3176	Matt Young	Cox
626	3133	Maderic Mica Co.	Sanders (Sanders)
630	3164	Pert Mica Miners	Pert
659	3229	Willis & Snyder Mining Co.	Butt
662	3255	Non-Metallic Minerals	Whitson, Peterson Grant
674	3287	Mud Cut Mining Company	Mud Cut, Tallent (Talent)
679	3290	C. C. Burleson	Kelly, Shaft
675	3292	J. H. Beam & Howard Boone	Beam, Clifton

cc: Docket
Director's Reading File
OA & A Division
Region IV Files (2)

Gallagher/ac
6-26-62

63683

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-8679, Docket No. OMEA-3290 (Mica), dated June 24, 1954, with

C. C. Burleson, Assignee
Minneapolis, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Ruby Mine located in Yancey County, North Carolina, during the period June 24, 1954, through September 6, 1960.

In accordance with Termination Agreement dated December 29, 1955, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated February 8, 1956, indicated accepted costs under the exploration contract amounting to $737.00 with the Government's contribution, on a 75 percent basis, being $552.75.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales of mica for the period to be $1,848.54. Royalty due the Government at rates specified in the contract is $92.43. The royalty paid and the balance due are as follows:

Total Royalty Due	$92.43
Total Royalty Paid	92.43
Balance of Royalty Due	$ -0-

C. E. Fisher

C. E. Fisher, OMS Auditor

September 7, 1960

Idm-E679 C. C. Burleson, Assignee DMEA-3290

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This mine has not been operated since the spring of 1958. The last sale included in this royalty computation consisted of 1,160 pounds of hand-cobbed mica sold by Terry Mica Company to the Spruce Pine Mica Purchase Depot on June 3, 1958.

My review included a tabulation and recomputation of copies of sales data obtained in support of royalty payments. A summary of the sales and royalty paid follows:

Kind of mica	Pounds	Value	Royalty
Sheet	35.19	$ 419.39	$20.97
Hand-cobbed	6,740.00	1,407.85	70.39
Scrap	1,430.00	21.30	1.07
Totals	8,205.19	$1,848.54	$92.43

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) Inspection reports by field representatives of the Government and other correspondence in the Washington office files indicate that all production from the land described in the contract since the date of the contract has been reported and appropriate royalty has been paid to the Government; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name C. C. Burleson, Assignee

Address Minneapolis, North Carolina

Exploration Contract No. Idm-E679 Docket No. DMEA-3290

		Check One Yes	Check One No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		X
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		X
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	X	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	X	
7.	Does the Operator buy from or sell to other Operators?		
8.	Comment on any item 2 (b) to 6 if answer is No.		

September 6, 1960
Date

Lawrence Hoch
Mining Engineer

53362

REGION IV

SEP 26 1960

EXTRA COPY
O. M. E.
RECEIVED SEP 26 1960

DATE	INITIALS	CODE
		800

Memorandum

To: Fiscal Section

From: Acting Field Officer, Region IV

Subject: DMEA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Idm-B679

Attached is the original of the Report of Royalty Review by the Contract Administration and Audit Division, OME, on the above project, in which I concur.

Lawrence G. Houk

Attachment

LGHouk:gad 9/19/60

Copy to: Wash. Office (2)
Region IV (2)
Mr. Houk

EXTRA COPY
O. M. E.
RECEIVED SEP 26 1960

DATE	INITIALS	WORK
SEP 26 1960		400

REGION IV

Mr. C. C. Burleson, Assignee

Minneapolis, North Carolina

Re: DMEA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Idm-E679

Dear Mr. Burleson:

Enclosed for your records is a copy of a Report of Royalty Review by the Division of Contract Administration and Audit in which I concur.

Sincerely yours,

Lawrence G. Houk

Lawrence G. Houk
Acting Field Officer, Region IV

Enclosure

LGHouk:gad 9/19/60
Copy to: Wash. Off. (2)
Region IV (2)
Mr. Houk

SEP 19 1960

Memorandum

To: Acting Field Officer, Region IV
/s/ C. E. Fisher for

From: E. D. Talbert, Acting Chief
Contract Administration and Audit Division

Subject: DMEA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Idm-8679

Attached are the original and two copies of a Report of Royalty Review on the above cited project. If you concur in the facts stated in the report distribution should be made as follows:

(a) Original of the report to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy to the Operator; and
(c) One copy for your file.

As evidence of your concurrence a copy of your letter transmitting the Operator's copy should be furnished to this Division. If for any reason you do not concur, the original and both copies of the report should be returned to this Division with your comments.

Attachments

CEFisher/ama
September 19, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Rothrock

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

Oak Ridge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-070-52

For credit of 5369 Dr. Roy, Regional Office, Oak Ridge, Tenn. 2/3/59
(Name, title, and disbur[illegible] or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 242.66

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X1401	Idn-E1106 Taylor Mine (Royalty Payment)	201.21
	Idn-E672 Ruby Mine (Royalty Payment)	41.45

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

FEB 6 1959
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59636b-1 GPO

OFFICIAL MEMORANDUM

O. M. E.

RECEIVED FEB 6 1959

DATE	INITIALS	CODE
2/6	H. G.	225
		800

For Certificate of Deposit No. 89, dated June 16, 1958, giving royalty payment of $19.79, see E-98.

E-679

For Certificate of Deposit No. 79, dated April 18, 1958, giving royalty payment of $21.00, see E-255.

TRIPLICATE

STANDARD FORM 261 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-69

For credit of 428 BR, TRSY, Regional Office, Oak Ridge, Tenn. 1-30-56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 10.19

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-679 Young & Burleson (Royalty Payment)	10.19

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

JAN 30 1956
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16-

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

J. H. Young and C. C. Purlesom, Partners

Minneapolis, North Carolina

pertaining to Exploration Project Contract No. I4m-E679, Docket No. DMEA-3290, for the month of July 1954, covering a project for the exploration of mica on property, known as Ruby Mine located in Yancey County, North Carolina.

My review included an examination of the Monthly Report (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

all of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by Contractor		$737.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$737.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five hundred fifty-two and 75/100 Dollars

$552.75

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

C. E. Fisher

C. E. Fisher, Auditor

February 8, 1956

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1954 Docket No. DMEA 3290 Contract No. IDM-E-679
Operator's Name J.H. Young & C.C. Burleson Minerals Mica
Address Mineapolis, N. C.
Contract Amount, $ 4,350.00 Government Participation: 75 % Amount, $ 3,262.50

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shaft	$500.00	None ~~xxxxxx~~	$500.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc. Recondition Shaft	$237.00	None	$237.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$737.00	None	$737.00	737.00	—	737.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-6

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-2-54 *Payee J.H. Young & D.C. Burleson
Per J. H. Young Title Partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 552.75
Signature Carrie A. Lipscomb
(Authorized Certifying Officer)
Date AUG 11 1954 Vou. No. 30
(See other side)

1st S 7115 184.25

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E679 in accordance with the terms of the contract.

Signature Henry H. Amos Title Geologist-USGS Date Aug. 5, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date AUG 6 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1954 Docket No. DMEA 3290 Contract No. IDM-E-679
Operator's Name J.H. Young & C.C. Burleson Minerals Mica
Address Minneapolis, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Feet	$500.00	10'	$500.00	10'	$50.00	35	@ $50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Recondition Shaft	1	$237.00	1	$237.00	1	$237.00	1	$237.00
TOTAL DISTRIBUTED COSTS		$737.00		$737.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$737.00		$737.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

REMARKS:

Date 8-2-54 Operator J.H. Young & C.C. Burleson

Per J. H. Young Title Partner

→ NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

DAILY SUMMARY
J. H. KING & C. C. ENGLISH

JULY 1954

We cleared out old shaft and put up new timbers.

Got machinery and water and air lines set up.

Drilled, shot and cleared out muck for 10 foot.

We averaged sinking two foot per day.

Messrs. J. R. Young and C. C. Burleson JUL 1 0 1964

Minneapolis, North Carolina

Re: DMEA-3290 (Mica)
C. C. Burleson, Assignee
Ruby Mine
Yancey County, North Carolina
Contract Dm-R679

Gentlemen:

By the terms of the subject Exploration Project Contract and the royalty agreement in Paragraph 5 of the Termination Agreement, dated December 29, 1955, all minerals mined or produced from June 24, 1954, to June 24, 1964, were subject to the Government's percentage royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Acting Director

FMMurphy/mm
7/8/64
cc: Director's Reading File
✓CA&A Division
R. A. Laurence, Knoxville, Tenn. w/cy of Form 63 dated 6/24/64
Docket
120M
E. L. Briggs, Burnsville, N. C.

Government's cop

RECEIVED

FEB - 1 1956

TERMINATION AGREEMENT

It is agreed this 29th day of December, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and C. C. Burleson, Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E679, Docket No. DMEA-3290, dated June 24, 1954, hereinafter called the "Contract," that:

1. Effective August 1, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. That part of the second sentence in Article 7 of the contract form beginning with the word "Provided," is deleted.

5. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the Contract, in the same manner and amount, and for the same period, as if certification of discovery or development had been made, such certification being hereby waived.

6. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense
Minerals Exploration
Administration

_____ (Assignee)
C. C. Burleson

NORTH CAROLINA
Avery County

This agreement made this 25th day of October, 1954, between J. H. Young and C. C. Burleson, known as Young & Burleson, of the aforesaid county and state of the first part and C. C. Burleson, of said county and state, of the second part: WITNESSETH, that the parties of the first part, in consideration of the agreements hereinafter contained, on the part of the party of the second part to be performed, hereby bargains, leases, grants to the party of the second part, and his heirs and assigns, for the period of ten years from the date of this agreement, the following described real property, in the County of Yancey, State of North Carolina, to wit: Land known as E. L. Briggs property containing five acres and known as the Ruby Mine. To have and to hold the said lands to him, the said C. C. Burleson, his heirs and assigns, for the aforesaid period of ten years, upon a compliance with the conditions of this instrument, for the purpose and with the right to use said lands to dig for mica and to conduct the same to any extent the said party of the second part may desire. And it is agreed by party of the second part that no unnecessary damage is to be done to the lands herein leased during the continuance of this contract, and the party of the second part, his heirs and assigns agree that no payment is to be made to the party of the first part.

Party of the second part to pay the royalty stipulated in the original lease to E. L. Briggs immediately following every sale of mica mined from this property.

Witness our hands and seals the day and year first above written.

E-679

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1954

J. H. Young (SEAL)

C. C. Burleson (SEAL)

Government's copy

Defense Minerals Administration
RECEIVED

ASSIGNMENT OF CONTRACT
ASSIGNEE'S ACCEPTANCE
GOVERNMENT'S CONSENT

WHEREAS, J. H. Young and C. C. Burleson, partners (hereinafter called the "Operator"), entered into Exploration Project Contract Idm-E679 (Docket No. DMEA-3290), dated June 24, 1954 (hereinafter called the "Contract"), with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"); and

WHEREAS, J. H. Young (hereinafter called the "Assignor") has transferred his interest in the land which is the subject of the Contract to C. C. Burleson (hereinafter called the "Assignee");

NOW THEREFORE, the Assignor in consideration of the sum of One Dollar and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all of his right, title, and interest in and to the Contract, including any money which may be due the Operator, and hereby consents to all future amendments of the Contract. The Assignor hereby releases the Government from any and all claims, past, present, or future arising out of the Contract.

This Assignment is subject to written acceptance by the Assignee and to the written consent of the Government.

Dated Nov 4, 1954.

J. H. Young
J. H. YOUNG

The Assignee, C. C. Burleson, hereby accepts the above Assignment, and assumes and agrees to be bound by

the terms, provisions, and conditions of the Contract.

Dated Nov 11, 1954.

C. C. Burleson
C. C. BURLESON

The Government, this 19th day of October, 1954, without releasing the Assignor, J. H. Young, from any of the terms, provisions, and conditions of the Contract, hereby consents to the above Assignment.

THE UNITED STATES OF AMERICA

By O. Mitchendon
Administrator, Defense Minerals
Exploration Administration

Docket No. 3290

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E679

Date of Contract ~~amendment~~: June 24, 1954

Name and Address of Operator:

Young and Burleson
Ruby Mine
Yancey, N. C.

Amount of Government participation $3,262.50

Percent of Government participation 75 %

Region: V State: North Carolina

Note: Please release $2,709.75. Contract terminated.

(Name)

J. L. Chambers, Chief
Contract Administration and
Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 2/27/56

54458

Docket No. DMEA - 3290

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 679

Date of Contract ~~xxxxxxxxxxxx~~ Amendment: June 24, 1954

Name and Address of Operator:
Young and Burleson
Ruby Mine
Yancey, N. C.

Amount of Government participation $ 3,262.50

Percent of Government participation 75 %

Region: V11 State: N.C.

J. C. Chambers (Name)
Chief Contract Adminstration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 6/24/54

54458

MF-200 (A)
(February 1952)

DOCKET NO. I[illegible]A 3290

COMMODITY Mica

Government copy

LDM - E 679

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 24th day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] J. H. Young and C. C. Burleson, Partners
Minneapolis, North Carolina

hereinafter called the "Operator," as follows: And as set forth in Annexes I and II attached hereto and made a part hereof.

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of North Carolina, County of Yancey, described as ~~XXXXX~~ set forth in Annex I.

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and the Owner's Consent to Lien is attached.~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within Sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] Mica

in or upon the described land; and shall bring the project to completion within a period of Five (5) Months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $3,262.50 which is 75 percent of $4,350.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: The percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. See Annex II, substituted for Article 6

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

By J. H. Young (Partner)
J. H. Young

By C. C. Burleson (Partner)
C. C. Burleson

THE UNITED STATES OF AMERICA

By C. F. Mittendorf
Administrator, Defense Minerals Exploration Administration

I, , certify that I am the secretary of the corporation named as Operator herein; that , who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
J. H. YOUNG and C. C. BURLESON
DOCKET NO. DMEA-3290

ANNEX I

The land referred to in Article 2 of the contract form is known as the Ruby (Shaft) Mine and was leased for mining purposes to Arnold Thomas, J. H. Young, and C.C.Burleson for a period of five years by E. L. Briggs and wife, Eloise Briggs, by an instrument dated November 30, 1953, and recorded in Book No. 112, page 107, Official Records of Yancey County, North Carolina. It is located one airline mile S. 58° E. of the Mine Fork School, Yancey County, North Carolina and is bounded as follows:

"Beginning at center of Ruby Mine, thence N. 14-00 E. 90 feet to a point on the north property line, thence S. 80-00 E. 500 feet to the northeast corner, then S. 14-00 W. 336 feet to the southeast corner, thence N. 80-00 W. 650 feet to the southwest corner, thence N. 14-00 E. 336 feet to the northwest corner, thence S. 80-00 E. 150 feet to the beginning point on the north property line, and comprising five acres."

EXPLORATION PROJECT CONTRACT
J. H. YOUNG AND C. C. BURLESON, PARTNERS
DOCKET NO. DMEA-3290

Minerals Adm.
RECEIVED
JUL 14 1954

ANNEX II

The following provisions are in lieu of Article 6 :

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

EXPLORATION PROJECT CONTRACT
J. H. YOUNG and C. C. BURLESON
DOCKET NO. DMEA-3290

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area indicated on the attached map entitled "Sketch of Ruby (Shaft) Mine, Yancey County, North Carolina, DMEA-3290 (mica)," as follows:

1. Construct a powder magazine, an exploder magazine, and a 10-ft. by 12-ft. toolhouse.

2. Recondition the existing 22-feet deep, southeasterly inclined, shaft.

3. Sink the shaft an additional 35 feet on the pegmatite to a total depth of 57 feet. The cross-sectional dimension of the shaft shall be 5 feet by 7 feet in the clear of timber.

4. From the bottom of the shaft drive 75 feet of drift and/or crosscut, with a cross-sectional dimension of 5 feet by 7 feet in the clear of timber.

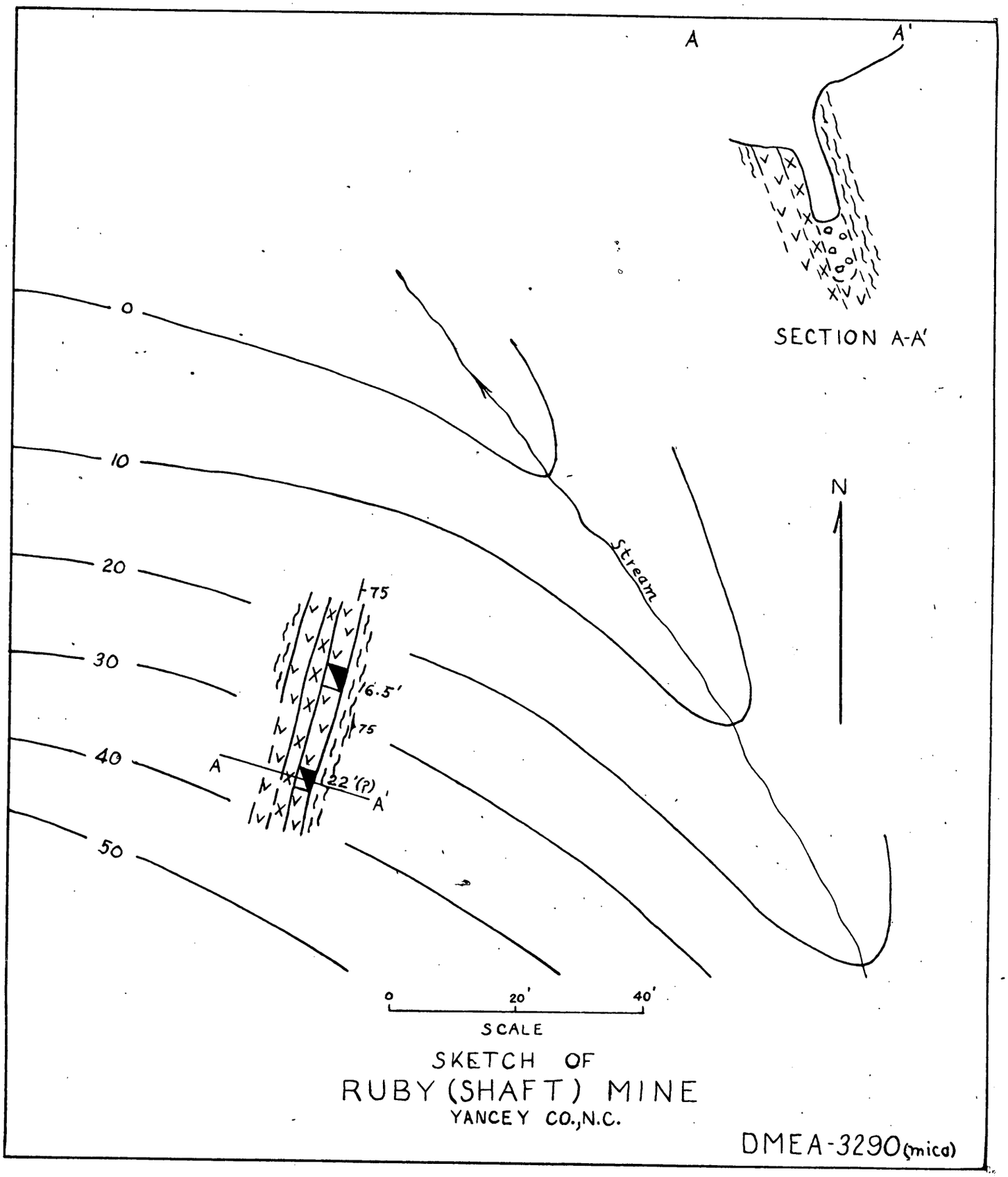
All openings shall be timbered where necessary.

The location, inclination, direction and extent of all work are subject to the approval of the Government.

AGREED UNIT COSTS

Constructing:-	Toolhouse 1/	$ 75.00	
	Powder magazine 1/	25.00	
	Exploder magazine 1/	13.00	
Reconditioning Shaft 1/		237.00	
Sinking 35 ft. of shaft at $50.00/ft.		$1,750.00	
Driving 75 ft. of drift and/or crosscut at $30.00/ft.		2,250.00	
AGREED ESTIMATED TOTAL COST OF PROJECT			$4,350.00
GOVERNMENT PARTICIPATION AT 75%			$3,262.50

1/ The completed work constitutes the unit.



SKETCH OF
RUBY (SHAFT) MINE
YANCEY CO., N.C.

DMEA-3290(mica)

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Yancey, described ~~as follows:~~ 1/ in a lease, dated the 30th Day of November, 1953, and recorded in Book No. 112, page 107, Official Records of said County.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ J. H. Young and C. C. Burleson, a Partnership, of Avery County, Minneapolis, North Carolina

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production ~~(as set forth on the reverse side hereof)~~ and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 6th day of July, 1954.

C. C. Burleson [Seal]

Gloria Burleson [Seal]

[Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

Insert the name of the Operator as it will appear in the exploration project contract.

Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

~~RELEVANT CONTRACT PROVISIONS~~

~~Repayment by Operator. a. Certification. If at any time the Government considers that~~ a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production ~~operations.~~